

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

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PROPOSED  
MARKETING AGREEMENT  
FOR MILK  
DENVER, COLORADO, SALES AREA

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This Marketing Agreement in its present form is proposed as the basis of a public hearing for the above-mentioned Denver, Colorado, Sales Area, and none of the provisions contained herein are to be regarded as having received the approval of the Agricultural Adjustment Administration as applying to this Market.

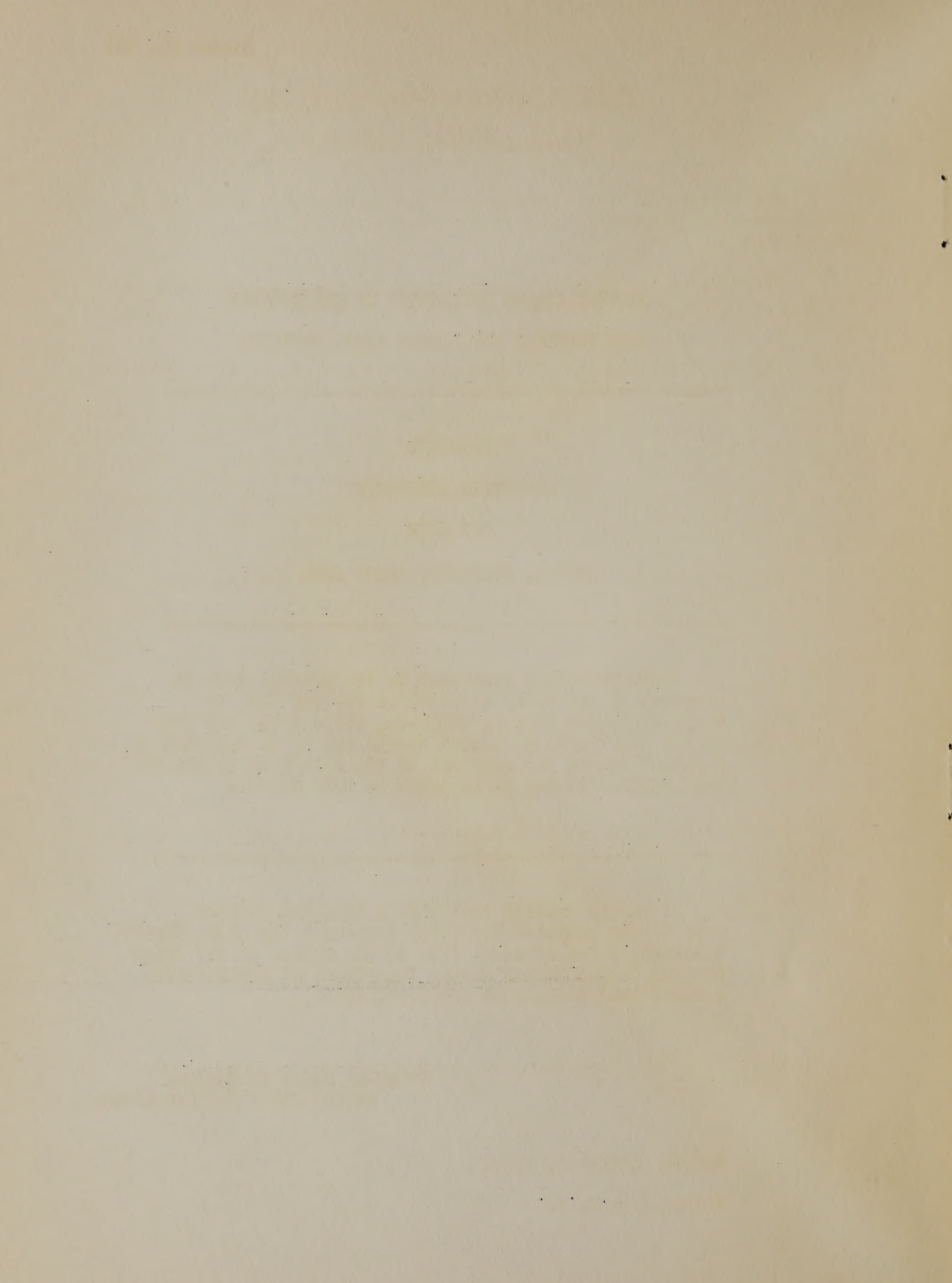
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I hereby certify that this a true and correct copy of the proposed Marketing Agreement for Milk, Denver, Colorado, Sales Area, on file in the Office of the Chief Hearing Clerk, United States Department of Agriculture, Agricultural Adjustment Administration.

(Signed) James K. Knudson  
Acting Chief Hearing Clerk.

Dated: March 13, 1934.

Washington, D. C.





PROPOSED MARKETING AGREEMENT FOR MILK

DENVER, COLORADO, SALES AREA

The parties to this Agreement are the contracting distributors, the contracting producers, and the Secretary of Agriculture of the United States.

WHEREAS, it is the declared policy of Congress, as set forth in Section 2 of the Agricultural Adjustment Act, approved May 12, 1933, as amended:

- (a) To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period, the base period in the case of all agricultural commodities except tobacco being the prewar period, August 1909 - July 1914; and
- (b) To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; and
- (c) To protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities, or products derived therefrom, which is returned to the farmer above the percentage which was returned to the farmer in the prewar period, August 1909 - July 1914; and

WHEREAS, pursuant to the Agricultural Adjustment Act, the parties hereto, for the purpose of correcting conditions now obtaining in the production of Milk and the distribution thereof in the Denver Sales Area, and to effectuate the declared policy of the Act, desire to enter into a Marketing Agreement under the provisions of Section 8 (2) of the Act:

NOW, THEREFORE, the parties hereto agree as follows:

I.

As used in this Agreement, the following words and phrases shall be defined as follows:



A. "Producer" means any person, irrespective of whether any such person is also a distributor, who produces milk in conformity to the applicable health requirements of the Denver Sales Area for milk to be sold for consumption as whole milk in the Denver Sales Area. "Contracting producer" means any association of producers as may become a party signatory to this Agreement according to the terms hereof.

B. "Distributor" means any of the following persons, wherever located or operating, whether within or without the Denver Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk for ultimate consumption in the Denver Sales Area:

1. Persons, irrespective of whether any such person is a producer or an association of producers,

- (a) who pasteurize, bottle, or process milk or cream;
- (b) who distribute milk or cream at wholesale or retail
  - (1) to hotels, restaurants, stores or other establishments for consumption on the premises, (2) to stores or other establishments for resale, or (3) to consumers;
- (c) who operate stores or other establishments selling milk or cream at retail for consumption off the premises.

2. Persons who purchase, market or handle milk or cream for resale in the Denver Sales Area.

"Non-contracting distributor" means any person who performs any of the functions hereinabove described and has not become a party signatory to this Agreement according to the terms hereof.

C. "Denver Sales Area" means the territory included within the following boundary lines: The City and County of Denver, Colorado, and the following named suburbs: Aurora, Sheridan, Fort Logan, Littleton, Lakewood, Edgewater, Wheatridge, Golden, Mountain, Brighton, Westminster, Henderson, Dupont, Adams City, Welby, Derby, Fitzsimmons Hospital and Longview.

D. "Secretary" means the Secretary or Acting Secretary of Agriculture of the United States.

E. "Act" means the Agricultural Adjustment Act approved May 12, 1933, as amended.

F. "Person" means individual, partnership, corporation, association or any other business unit.

G. "Subsidiary" means any person of, or over whom or which, a distributor or an affiliate of a distributor has, or several distributors collectively have, either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner.



H. "Affiliate" means any person and/or any subsidiary thereof, who has, either directly or indirectly, actual or legal control of or over a distributor, whether by stock ownership or in any other manner.

I. "Books and records" means books, records, accounts, contracts, memoranda, documents, papers, correspondence or other data, pertaining to the business of the person in question.

J. "Market Administrator" means the person designated pursuant to Exhibit A, which is attached hereto and made a part hereof.

## II.

1. The schedule governing the prices at which, and the terms and conditions under which, milk shall be purchased from producers by distributors shall be that set forth in Exhibit A.

2. No distributor shall purchase milk from producers except (a) those producers whose milk was purchased by a distributor for a period of at least thirty consecutive days within one year prior to the effective date of this Agreement, and (b) such new producers as comply with the provisions of Exhibit A hereof.

3. No distributor shall purchase milk from any producer unless such producer authorized such distributor, with respect to payments for milk purchased from such producer, to comply with the provisions of Exhibit A.

4. (a) The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information on, and in accordance with, forms of reports to be supplied by him for the purposes of (1) assisting the Secretary in the furtherance of his powers and duties with respect to this Agreement and/or (2) enabling the Secretary to ascertain and determine the extent to which the declared policy of the Act and the purpose of this Agreement are being effectuated; such reports to be verified under oath. The Secretary's determination as to the necessity of and the justification for the making of any such reports, and the information called for thereby, shall be final and conclusive.

(b) For the same purposes and/or to enable the Secretary to verify the information furnished him on said forms of reports, all the books and records of each distributor and the books and records of the affiliates and subsidiaries of each distributor, shall, during the usual hours of business, be subject to the examination of the Secretary. The Secretary's determination as to the necessity of and the justification for any such examination shall be final and conclusive.

(c) The distributors and their respective affiliates and subsidiaries shall severally keep books and records which will clearly reflect all the financial transactions of their respective businesses and the financial condition thereof.



(d) All information furnished the Secretary, pursuant to this paragraph, shall remain confidential in accordance with the applicable General Regulations, Agricultural Adjustment Administration.

5. No distributor shall purchase milk or cream from, or process or distribute milk or cream for, or sell milk or cream to, any other distributor of whom he has notice that such other distributor is violating any provision of this Agreement, without first reporting such violation to the Market Administrator.

6. The Secretary may, by designation in writing, name any person, including any officer or employee of the Government, to act as his representative in connection with any of the powers provided in this Agreement to be exercised by the Secretary.

7. Each distributor shall, within fifteen days after the effective date of the Agreement, furnish to the Market Administrator a bond with good and sufficient security thereon, satisfactory to the Market Administrator (in an amount not less than \_\_\_\_\_) for the purpose of securing the fulfillment of such distributor's obligations to creditors and the performance of the terms of this Agreement. The Market Administrator may, if satisfied from the investigation of the financial condition of the distributor, that the distributor is solvent and possessed of sufficient assets to fulfill all his obligations, waive the requirement of the bond as to any distributor. Such distributor may, upon a change in such circumstances be required by the Market Administrator to comply with the foregoing requirement.

8. If any provision of this Agreement is declared invalid, or the applicability thereof to any person, circumstance or thing is held invalid, the validity of the remainder of this Agreement, and/or the applicability thereof, to any other person, circumstance or thing, shall not be affected thereby.

9. Nothing herein contained shall be construed in derogation of the right of the Secretary to exercise any powers granted him by the Act, and, in accordance with such powers, to act in the premises whenever he shall deem it advisable.

10. The distributors hereby apply for and consent to licensing by the Secretary, subject to the applicable General Regulations of the Agricultural Adjustment Administration.

11. This Agreement may be executed in multiple counterparts, which, when signed by the Secretary, shall constitute when taken together, one and the same instrument, as if all such signatures were contained in one original.

12. After this Agreement first takes effect, any association of producers or any distributor may become a party to this Agreement, if a counterpart thereof is executed by him and by the Secretary. This Agreement shall take effect as to such new contracting party at such time as the Secretary may declare above his signature attached to such counterpart, and the benefits, privileges, and immunities conferred by this Agreement shall then be effective as to such new contracting party.



13. This Agreement shall become effective at such time as the Secretary may declare above his signature attached hereto, and shall continue in force until terminated in one of the following ways:

(a) The Secretary may at any time, terminate this Agreement as to all parties hereto, by giving at least one day's notice by means of a press release or any other manner which the Secretary may determine.

(b) The Secretary may, at any time, terminate this Agreement as to any party signatory hereto, by giving at least one day's notice by depositing the same in the mail, addressed to such party at his last known address.

(c) The Secretary shall terminate this Agreement upon the request of seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by contracting producers for distribution as fluid milk, during the calendar month next preceding the date of any such request, or seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by the distributors as fluid milk during such calendar month, by giving notice in the same manner as provided in section (a) of this paragraph.

(d) This Agreement shall, in any event, terminate whenever the provisions of the Act authorizing it cease to be in effect.

14. Any term of this Agreement, with the exception of paragraph 13 hereof, may be amended upon the consent of (a) seventy-five percent (75%) of the contracting producers, measured by total volume of milk produced and marketed by the contracting producers for distribution as fluid milk during the calendar month next preceding the date of any such amendment, and (b) seventy-five percent (75%) of the distributors, measured by total volume of milk distributed by contracting distributors as fluid milk during such calendar month; provided, however, that any such amendment shall become effective only upon the written approval of the Secretary.

IN WITNESS WHEREOF, the contracting producers and contracting distributors, acting under the provisions of the Agricultural Adjustment Act, for the purposes and subject to the limitations therein contained, and not otherwise, have hereunto set their respective hands and seals.

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WHEREAS, it is provided by Section 8 of the Act as follows:

"In order to effectuate the declared policy, the Secretary of Agriculture shall have power - - - (2) To enter into marketing agreements with processors, associations of producers, and others engaged in the handling, in the current of interstate or foreign commerce of any agricultural commodity or product thereof, after due notice and opportunity for hearing to interested parties. The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful; Provided, that no such agreement shall remain in force after the termination of this Act."

And -

WHEREAS, due notice and opportunity for hearing to interested parties has been given pursuant to the provisions of the Act, and the regulations issued thereunder; and

WHEREAS, the Secretary finds (1) that the contracting producers are engaged in the marketing of milk, and that the contracting distributors are engaged in the distribution of fluid milk in the current of interstate commerce; and (2) that the marketing of milk and the distribution of fluid milk in intrastate commerce is inextricably intermingled with the marketing of milk and the distribution of milk in interstate commerce; and

WHEREAS, it appears after due consideration, that this Agreement will tend to effectuate the policy of Congress declared in Section 2 of the Act, as hereinbefore in this Agreement set forth;

NOW, THEREFORE, I, Henry A. Wallace, Secretary of Agriculture, acting under the provisions of the Agricultural Adjustment Act, for the purpose and within the limitations therein contained, and not otherwise, do hereby execute this Agreement under my hand and official seal of the Department of Agriculture, in the City of Washington, District of Columbia, on this \_\_\_\_\_ day of \_\_\_\_\_, and pursuant to the provisions hereof, declare this Agreement to be effective on and after \_\_\_\_\_ M. Eastern Standard Time, \_\_\_\_\_.

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Secretary of Agriculture.



EXHIBIT A

MARKETING PLAN

SECTION A. Cost of Milk to Distributors.

1. Each distributor shall be obligated to pay, in the manner hereinafter provided, the following prices per pound of butterfat contained in milk which he has purchased:

Class I - 50 cents f.o.b. distributor's plant in the Denver Sales Area.

Class II - The price per pound f.o.b. distributor's plant in the Denver Sales Area of 92 score butter at wholesale in the Chicago Market as reported by the United States Department of Agriculture for the delivery period during which the milk is purchased, plus (a) 20 percent of such amount and (b) 5 cents.

Class III- The average price per pound of 92 score butter at wholesale in the Chicago Market as reported by the United States Department of Agriculture for the delivery period during which the milk was purchased, plus 3 cents.

The term "delivery period" shall mean the period from the 1st to the 15th day of each month, or the period from the 16th day to, and including, the last day of each month.

2. Class I milk means the butterfat in all milk sold or distributed by distributors as whole milk or as chocolate milk for consumption in the Denver Sales Area.

Class II milk means the butterfat in all milk used by distributors to produce the cream for sale or distribution by distributors as cream for consumption in the Denver Sales Area.

Class III milk means the quantity of the butterfat in the milk purchased, sold, used or distributed by distributors in excess of sales of Class I and Class II milk.

Milk purchased from producers during any delivery period, and sold as milk or cream by one distributor to another distributor (including any person defined as such, in the Agreement, and any person who sells, uses or distributes such milk in any form for ultimate consumption outside the Denver Sales Area) shall be accounted for by the selling distributor as Class I or Class II milk, respectively, unless such selling distributor, on or before the date fixed for filing reports with the Market Administrator for such delivery period shall furnish to the Market Administrator, proof satisfactory to the Market Administrator that such milk or cream has been utilized for other purposes than Class I or Class II milk, in which event the milk or cream shall be classified in accordance with such other use.



3. (a) On or before the 5th day after the end of each delivery period, each distributor shall report to the Market Administrator (with respect to milk purchased during the preceding delivery period from producers who are not also distributors) in a manner prescribed by the Market Administrator:

- (1) the actual deliveries at each location of the producers and new producers supplying him;
- (2) the actual deliveries, if any, made to him by other distributors;
- (3) the quantities of milk so purchased and received at each location which is sold, used or distributed by him as Class I, Class II and Class III milk, respectively;
- (4) the adjustments to be made pursuant to Sections B and C(2);
- (5) such other information as the Market Administrator may request for the purpose of performing the provisions of this Exhibit.

(b) Each distributor (herein referred to as a "producer-distributor") who produces milk distributed by him and who either

- (1) sells part of the milk produced by him to distributors (other than those who operate stores or other establishments for the sale of milk at retail for consumption off of the premises) or to manufacturing plants and distributes part of the milk produced by him as milk, or
- (2) purchases milk from other producers or distributors for distribution as milk, or
- (3) whose average daily sales of milk during any delivery period produced on his own farm exceed the equivalent of ten (10) pounds of butterfat or 250 pounds of milk.

shall be obligated to account to the Market Administrator for all of his sales of Class I, Class II, and Class III milk at the prices indicated in paragraph 1 of this section, and each such producer-distributor shall submit reports to the Market Administrator on or before the fifth day after the end of each delivery period containing the same information with respect to the preceding delivery period required in subdivision (a) of this paragraph, and in addition thereto the total amount of milk (measured in pounds of butterfat) produced by such producer on his own farm and sold during such delivery period as Class I, Class II and Class III milk.



All the information furnished the Market Administrator, pursuant to this paragraph, shall remain confidential in accordance with the provisions of General Regulations, Agricultural Adjustment Administration, but any such information shall be submitted by the Market Administrator to the Secretary at any time upon the request of the Secretary.

4. With respect to each delivery period, the Market Administrator shall:

(a) Compute the total value of the quantity of milk as actually reported in paragraph 3 by each and all distributors on the basis of the prices set forth in paragraph 1 above, making the proper adjustments as provided in Section B; which computation shall not include milk purchased by one distributor from another distributor.

(b) Compute the total quantity of milk (in pounds of butterfat) in all milk reported in paragraph 3 above, excluding (1) milk purchased by distributors from other distributors and (2) milk delivered by new producers.

(c) Compute the total amounts to be paid to new producers by all distributors defined in Section G of this Exhibit.

(d) Compute the total adjusted value of the quantity of milk which is actually reported in paragraph 3 by each and all distributors by adding to the total value of such milk computed pursuant to subdivision (a) the adjustments provided for in Section C (1).

(e) Compute the total value of the quantity of milk delivered by producers by subtracting from the amount obtained in subdivision (d) the amount obtained in subdivision (c).

(f) Compute the blended price by dividing the total adjusted value of all milk determined pursuant to subdivision (e) by the total pounds of butterfat as determined in subdivision (b) above.

5. On or before the 10th day following the end of each delivery period, the Market Administrator shall notify all distributors who have reported pursuant to paragraph 3, of the blended price which all producers are to be paid for the milk sold to such distributors.

Each such distributor shall pay to all producers (except new producers during the 90-day period specified in Section G of this Exhibit) on or before the 15th day following the end of each delivery period for milk delivered by such producers during such delivery period on the basis of the foregoing blended price, subject to adjustment and deductions which are to be made pursuant to Sections C and D of this Exhibit.



With respect to new producers as defined in Section G of this Exhibit, the distributors shall pay such new producers on or before the 15th day following the end of each delivery period, falling within the 90-day period specified in Section G, for milk delivered by such new producers during such delivery period on the basis of the price specified in such Section G.

6. The Market Administrator shall maintain for each distributor an adjustment account:

(a) which shall be debited for the total value of the quantity of milk purchased, sold or used by such distributor during the preceding delivery period, computed pursuant to subdivision (a) of paragraph 4; and

(b) which shall be credited for the total value of the quantity of milk reported by such distributor pursuant to paragraph 3 on the basis of the blended price reported to distributors pursuant to paragraph 5. Such credit shall be made after giving effect to the adjustments to be made pursuant to paragraph 1 of Section C, and before giving effect to the adjustments and deductions provided for in paragraph 2 of Section C and Section D of this Exhibit.

Balances on adjustment accounts shall be settled with the Market Administrator upon demand by the Market Administrator. Any such funds so paid to the Market Administrator shall be paid out by him prorata, as soon as reasonably possible, among those distributors entitled to receive adjustments.

7. Any error in computation of payments or any discrepancies in reports of distributors or in the adjustment accounts shall be adjusted when settlements are made with respect to the following delivery period. Whenever the Market Administrator has a balance on hand in excess of any adjustments to be made to distributors, he may distribute such balance or any part thereof in an equitable manner among producers in the market.

8. The Market Administrator and/or any functioning producers co-operatives shall at all reasonable times have the right to check sampling, weighing and butterfat tests made by distributors, for the purposes of determining the accuracy thereof. In the event of a discrepancy between weights and tests reported by distributors and weights and tests determined by the Market Administrator and/or any functioning producers cooperatives, settlements shall be made by distributors upon the basis of such weights and such butterfat content as the Market Administrator may in each case decide.



SECTION B. Adjustments in Cost of Milk to Distributors.

Each distributor shall be entitled to make the following deductions from the prices to be paid for milk purchased as provided in paragraph 1 of Section A for freight differentials:

1. In respect to Class I Milk delivered to a receiving station 30 miles or more from the Denver City Hall, a station charge of 3 cents per pound butterfat and such reasonable rates of transportation per pound butterfat contained in such milk, between the point where the distributor accepts delivery from the producer and the plant from which the wholesale and retail routes of such distributor are loaded as may be fixed by the Market Administrator; not, however, in excess of the rates scheduled for common carriers by the Colorado State Public Utilities Commission with respect to equivalent transportation.

2. In respect to Class II milk, delivered to a receiving station 30 miles or more from the Denver City Hall, a station charge of 3 cents per pound butterfat and 1/8 of the transportation charge set forth in Paragraph 1 with respect to Class I milk.

Unless the prior written consent of the Market Administrator is obtained to compute the adjustments in the cost of milk to distributors made pursuant to this Section, on some other basis, such adjustments shall be computed on the basis that (a) to the extent necessary to supply each distributor with milk sold, distributed or used by him as Class I milk, the milk which was delivered to him at locations in or nearest to the Denver Sales Area was sold, distributed or used by him as Class I milk; and (b) to the extent necessary to supply such distributor, the milk sold, used or distributed as Class II milk, the milk which was delivered to him in or nearest to the Denver Sales Area (in excess of the quantity of milk, if any, delivered at such locations and sold, distributed or used as Class I milk, pursuant to subdivision (a) above) sold, distributed or used as Class II milk.

SECTION C. Adjustments in Payments to Producers.

1. Each distributor shall be entitled to deduct, from the payments to be made by each distributor to producers, with respect to all the milk for which the distributor has to make payment pursuant to paragraph 4 of Section A, the amounts specified in paragraph 1 of Section B.

2. Any distributor may, with the prior approval of the Market Administrator, make payments to producers in addition to the prices provided for in paragraph 5 of Section A, provided that such additional payments are made to all the producers supplying such distributor milk of similar quality and grade.



SECTION D. Deductions from Payments to Producers.

1. Each distributor shall deduct 1 1/4 cents per pound butterfat from the payments to be made by him pursuant to Section A in regard to all milk delivered to him by the producers, and shall pay over such deduction to the Market Administrator simultaneously with making payment to producers for milk purchased.

2. Each distributor, who also produces milk on his own farm which is sold, used or distributed as either Class I, Class II or Class III milk, shall, on or before the fifteenth day after the end of each delivery period pay to the Market Administrator 1/4 cent per pound butterfat with respect to all milk produced by such distributor on his own farm and sold, used or distributed by him as Class I, Class II and Class III milk during the preceding delivery period.

3. The Market Administrator, in his discretion, may at any time waive the payment of the foregoing payments, or any part thereof (in which event the distributor shall not make the deductions to such extent from their payments to producers), for any delivery period; provided, however, that any such waiver shall be equal among all producers.

(a) with respect to the amounts to be retained by the Market Administrator to meet his cost of operation, and

(b) with respect to the amounts to be used by the Market Administrator for securing benefits to producers.

4. The Market Administrator, shall maintain separate accounts for the payments made to him pursuant to paragraphs 1 and 2, depending upon the use of such money as hereinafter provided. The Market Administrator shall apportion the monies in the following manner:

(a) 1/4 cent per pound of butterfat from the payments made pursuant to paragraph 1; and the payments made pursuant to paragraph 2 shall be retained by the Market Administrator to meet his cost of operation; provided, however, that any such funds which may remain over from such deduction in excess of the cost of operation of the Market Administrator for any particular delivery period shall be applied by him in meeting his cost of operation for the succeeding delivery period and to the extent that it may be practicable, the Market Administrator shall waive a portion of such deduction for such succeeding delivery period as herein in this Section provided.

(b) 1 cent per pound butterfat from the payments made to the Market Administrator pursuant to paragraph 1 with respect to the milk delivered by members of a functioning producers' cooperative association, shall be paid over by the Market Administrator to such association. Such payments shall be made for the purpose of securing to such producers who



are members of such association, benefits such as market information, supervision of weights and tests and guarantee against the failure of distributors to make payment for milk purchased. The Market Administrator shall pay over such funds to such association upon the consent of such association to

- (1) keep its books and records in a manner satisfactory to the Market Administrator;
- (2) permit the Market Administrator to examine its books and records, and furnish the Market Administrator such verified reports or such other information as the Market Administrator may, from time to time, request; and
- (3) disburse such funds in the manner above provided.

(c) One (1¢) cent per pound butterfat from the payments made to the Market Administrator pursuant to paragraph 1 with respect to the milk delivered by producers not members of a functioning producers' co-operative association shall be retained by the Market Administrator and expended by him for the purpose of securing to such non-member producers, market information, supervision of weights and test and guarantee against the failure of distributors to make payment for milk purchased; provided, however, that the Market Administrator may, in his discretion, employ the facilities and services of any agent or agents, and pay over such amounts to said agent or agents for the purpose of securing to such non-members the aforementioned benefits, if such benefits to non-members may be more efficiently and economically secured thereby. The Market Administrator shall pay over such funds to such agent or agents if he determines to do so only upon the consent of such agent or agents to

- (1) keep its or their books in a manner satisfactory to the Market Administrator;
- (2) permit the Market Administrator to examine its or their books and records and to furnish the Market Administrator such verified reports or such other information as the Market Administrator may, from time to time, request; and
- (3) disburse such funds in the manner above provided.

(d) Whenever the Market Administrator has a balance on hand in either of the accounts provided for in sub-sections (a) and (c) of this paragraph, he may distribute such balance, or any part thereof, in an equitable manner, among the producers, including new producers, provided, however, that any such distribution of the balance in the amount provided for in sub-section (a) shall be made to all producers including new producers, and any such distribution of the balance accounted for in sub-section (c) shall be made only to all producers, including new producers not members of the functioning producers co-operative association.



SECTION E. The Market Administrator - His Designation, Duties and Compensation.

The Secretary shall designate the Market Administrator who shall perform such duties as may be provided for him in the Agreement. The Market Administrator so designated shall be subject to removal, at any time, by the Secretary. Before he enters upon his duties, the Market Administrator shall execute and deliver to the Secretary his bond in such amount as the Secretary may determine, with surety thereon satisfactory to the Secretary, conditioned upon the faithful performance of his duties as such Market Administrator. The Market Administrator shall be entitled to

- (a) reasonable compensation which shall be determined by the Secretary,
- (b) to borrow money to meet his cost of operation until such time as the first payments are made to him, pursuant to Section D of this Exhibit, which monies shall be repaid out of the payments retained by the Market Administrator pursuant to paragraph 4 of said Section D; and
- (c) to incur such other expenses, including compensation for persons employed by the Market Administrator as the Market Administrator may deem necessary for the proper conduct of his duties, and the cost of procuring and continuing his bond, which total expense shall be deemed to be the cost of operation of the Market Administrator.

The Market Administrator shall not be held personally responsible in any way whatsoever to any licensee or to any other person for errors in judgment, mistakes of fact, or other acts, either of commission or omission, except for acts of dishonesty, fraud, or malfeasance in office.

The Market Administrator shall keep such books and records as will clearly reflect the financial transactions provided for in this Agreement. The Market Administrator shall permit the Secretary to examine his books and records at all times, and furnish the Secretary such verified reports or other information as the Secretary may, from time to time, request of him.

The Market Administrator shall have the right to examine the books and records of the distributors and the books and records of the affiliates and subsidiaries of each distributor for the purposes of (1) verifying the reports and information furnished to the Market Administrator by each distributor, pursuant to this Agreement, and/or (2) in the event of the failure of any distributor to furnish reports or information as required by this Agreement, obtaining the information so required.



SECTION F. Establishment of Milk Industry Board.

The Secretary may, in his discretion, at any time, establish a Milk Industry Board, which shall have representation of producers, distributors, and the public. In establishing the Milk Industry Board, the Secretary will give due consideration to the recommendations and nominations by various groups of producers, distributors, and the public. The Milk Industry Board shall have such duties and powers as the Secretary may, from time to time, delegate to it in order to effectuate the provisions and purposes of this Agreement. The Secretary may further, in his discretion, authorize and direct the Market Administrator to pay over to the Milk Industry Board for the purpose of meeting its general expenses, a portion of the monies deducted by the Market Administrator for his cost of operation, pursuant to Section D of this Exhibit, providing that such portion shall in no event exceed 1/4 cent per pound of butterfat for which such payment is made.

SECTION G. New Producers.

New producers shall be those producers whose milk was neither being purchased by distributors nor being distributed in the sales area, for a period of at least 30 consecutive days within one year prior to the effective date of this Agreement.

During the first ninety (90) days that the milk of such producer is sold to distributors, or is distributed within the sales area, (1) the price to be paid to such producer for all milk delivered by him, shall be the Class III price unless no Class III milk is being used in the market, in which event the aforesaid milk shall be paid for or credited at the Class II price, and (2) the price for such milk shall be subject to the adjustments and deductions provided for in Sections B and D of this Exhibit.





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U. S. Department of Agriculture  
Docket No. 154

Suggested Amendments To The Proposed Marketing Agreement for  
Milk--Denver, Colorado Sales Area

1. Page 2, paragraph B, distributors should be defined as follows:

"'Distributor' means any of the following persons, wherever located or operating, whether within or without the Denver Sales Area, engaged in the business of distributing, marketing, or in any manner handling, in whole or in part, whole milk or cream for ultimate consumption in the Denver Sales Area."  
(The remainder of the paragraph will be the same as in the mimeographed copy).

2. Page 3, Article II, paragraph 4 (a):

"The distributors shall severally, from time to time, upon the request of the Secretary, furnish him with such information as he may request, on and in accordance with forms of reports to be supplied by him, for the purpose of, etc., etc." (The remainder of the paragraph will be the same as in the mimeographed copy).

3. Page 4, Article II, paragraph 7, should read as follows:

"Each distributor shall, within fifteen (15) days after the effective date of the License, furnish to the Market Administrator a bond with good and sufficient security thereon, satisfactory to the Market Administrator (in an amount not in excess of the purchase value of the milk delivered to such distributor during any two successive delivery periods designated by the Market Administrator) for the purpose of securing the fulfillment of each distributor's obligations to creditors and the performance of the terms of this License."

"The Market Administrator may, if satisfied from the investigation of the financial condition of any distributor that such distributor is solvent and possessed of sufficient assets to fulfill all his obligations, waive the requirement of the bond as to any such distributor. Such distributor may, upon a change in such circumstances be required by the Market Administrator to comply with the foregoing requirements."



